

## 294 - PROPERTY AND CASUALTY RISK INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Property & Casualty Risk Internal Service Fund is a division of the CEO/Office of Risk Management whose mission is to preserve and protect the human and capital assets of the County of Orange.

#### Strategic Goals:

- It is the goal of the Property & Casualty Risk Internal Service Fund to reduce costs associated with property damage, personal injury, and litigation management. This goal is achieved by acquiring commercial insurance, effective claims management, prudent administration of the self-insured Liability Program, and providing risk assessment and risk avoidance consultation services.
- Another significant goal is to ensure that individuals with disabilities can fully participate in and benefit from public services (ADA II). The County is committed to providing access to public services to all clients of the County of Orange.

#### Key Outcome Measures:

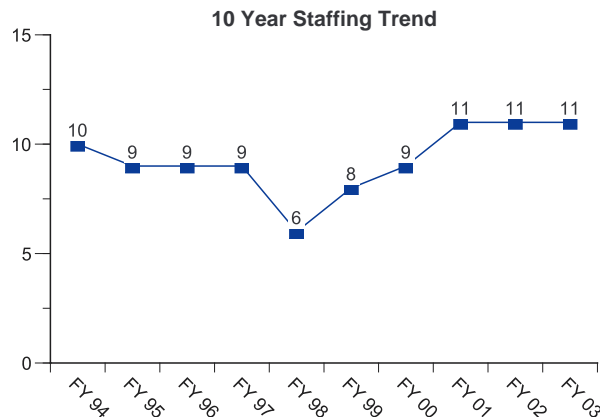
| Performance Measure  | 2001 Business Plan Results                                    | 2002 Business Plan Target   | How are we doing?  |
|--|---|---|--|
| <b>THE COST OF RISK</b><br><b>What:</b> Actual cost of claims, commercial insurance and administration per \$1,000 of County revenue.<br><b>Why:</b> Efficient management of the Cost of Risk frees up funds for other strategic uses. | Orange County's Cost of Risk is \$7.66 per \$1,000 of revenue | Maintain the County's Cost of Risk at or below the annually published industry median cost. | Orange County's Cost of Risk is 13% below the industry's median cost of \$8.83 per \$1,000 of revenue. |

#### Fiscal Year FY 2001-2002 Key Project Accomplishments:

- Revised method of financial reporting to improve fiscal management and planning.
- Successfully placed commercial insurance in a challenging market.
- Increased individual consultations on contract structure, insurance requirements, and program design to reduce risk of loss.
- Trained 148 deputy purchasing agents and contract managers in use of insurance in contracts to protect County assets.
- Completed competitive process for the Board of Supervisors appointed liability defense panel.
- Continued County-wide ADA II coordination activities, including support of the Public Services Access Advisory Committee for the Board of Supervisors.
- Increased ADA II support services to the public.

**PROPERTY & CASUALTY RISK ISF** - The Property & Casualty Risk ISF administers and manages the County's Liability Claims Management Program, the Insurance and Financial Management Program, and the Americans with Disabilities Act (ADA II) Program.

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- Overall expansion in case complexity, shortened time frames for claim management and increasing responsibilities of the program required additional staff.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

Support the overall mission of the County Executive Office.

### Changes Included in the Base Budget:

Reduced costs for self-insured liability and increased commercial insurance premium costs.

### Final Budget and History:

| Sources and Uses   | FY 2000-2001<br>Actual Exp/Rev | FY 2001-2002<br>Final Budget | FY 2001-2002<br>Actual Exp/Rev <sup>(1)</sup> | FY 2002-2003<br>Final Budget | Change from FY 2001-2002<br>Actual |         |
|--------------------|--------------------------------|------------------------------|---|------------------------------|------------------------------------|---------|
|                    |                                |                              |   |                              | Amount                             | Percent |
| Total Positions    | -                              | 11                           | 11  | 11                           | 0                                  | 0.00    |
| Total Revenues     | 3,689,802                      | 15,551,394                   | 36,023,986                                    | 34,466,112                   | (1,557,874)                        | -4.32   |
| Total Requirements | 5,507,342                      | 15,551,394                   | 12,641,275                                    | 34,466,112                   | 21,824,836                         | 172.65  |
| Balance            | (1,817,540)                    | 0                            | 23,382,711                                    | 0                            | (23,382,711)                       | -100.00 |

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2001-02 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Property and Casualty Risk Internal Service Fund in the Appendix on page 698.

### Highlights of Key Trends:

- FY 2002-03 requirements have increased because retained earnings are being appropriated to present a balanced budget.
- Increasing complexity of liability claims particularly for employment related claims.
- Continuing cost increases in commercial insurance coverage (up 54% from prior year).